August 7, 2009
Kanematsu Corporation

Highlights of Consolidated Financial Results for the First Quarter of FY2009 (Ending March 31, 2010)

Both sales and income declined year on year. Still net income remained in the black.

Net sales	**: 203.5 billion yen**	**down 34.4%**
Operating income	**: 2.4 billion yen**	**declining 61.1%**
Ordinary income	**: 1.7 billion yen**	**falling 63.1%**
Net income	**: 0.8 billion yen**	**down 28.3%**

(Unit: 100 million yen)

(On a consolidated basis)	Q1 of FY2008	Q1 of FY2009	Year-on-year		Q2 of FY2009		FY2009	
			Change	Change (%)	Forecast	Progress	Forecast	Progress
Net sales	3,102	2,035	-1,066	-34.4%	4,500	45.2%	10,000	20.4%
Gross trading profit	232	177	-55	-23.8%	-	-	-	-
SG&A expenses	171	153	-18	-10.5%	-	-	-	-
Operating income	61	24	-37	-61.1%	55	43.2%	155	15.3%
Dividends received	3	3	0	-	-	-	-	-
Interest	-12	-9	2	-	-	-	-	-
Gains on equity-method investment	-2	-4	-1	-	-	-	-	-
Others	-5	3	8	-	-	-	-	-
Non-operating income/loss	-16	-7	9	-	-	-	-	-
Ordinary income	45	17	-29	-63.1%	35	47.7%	115	14.5%
Extraordinary gain	1	5	5	595.6%	-	-	-	-
Extraordinary loss	-6	-5	1	-	-	-	-	-
Income (loss) before income taxes	40	17	-23	-58.2%	-	-	-	-
Income taxes and minority interest	-29	-9	20	-	-	-	-	-
Net income	11	8	-3	-28.3%	10	79.4%	50	15.9%

Summary of Results for First Quarter

Net sales
Net sales declined in all segments, reflecting a fall in trading volume associated with weak demand and low commodity prices.

Gross trading profit
Gross trading profit fell in association with the decline in net sales.

Operating income
Operating income dropped in association with the fall in gross trading profit, despite a decrease in selling, general and administrative expenses.

Ordinary income
Non-operating income increased with a fall in equity in earnings of affiliated companies more than offset by the improvement of interest income, thanks to the reduction in interest-bearing debt and improved foreign currency translation outcomes. However, ordinary income declined, reflecting a sharp fall in operating income.

Net income
Net income fell year on year but remained in the black owing to an improvement in the tax expense.

(Unit: 100 million yen)

Assets, Liabilities and Net Assets	3/2009	6/2009	Comparison with 3/2009	
			Change	Change (%)
Total assets	4,149	4,077	-72	-1.7%
Gross interest-bearing debt	2,136	2,047	-89	-4.2%
Net interest-bearing debt	1,346	1,204	-142	-10.5%
Shareholders' equity	510	518	8	1.6%
(Retained earnings)	-38	-30	8	-
Valuation and translation adjustments	-261	-244	17	-
Minority interests	171	172	1	0.7%
Total net assets	420	446	26	6.2%
Equity capital (Note 1)	249	274	25	10.0%
Equity ratio (Note 2)	6.0%	6.7%	Up 0.7pt	—
Net debt-equity ratio (Note 3)	5.4 times	4.4 times	Down 1.0pt	—

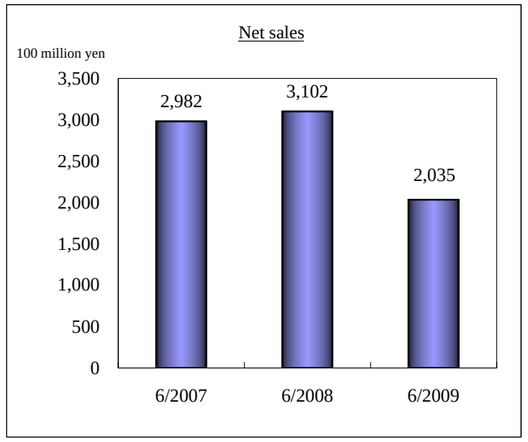
(Note 1) Equity capital = Net assets - Minority interests
(Note 2) Equity ratio = Equity capital / Total assets
(Note 3) Net debt-equity ratio = Net interest-bearing debt / Equity capital

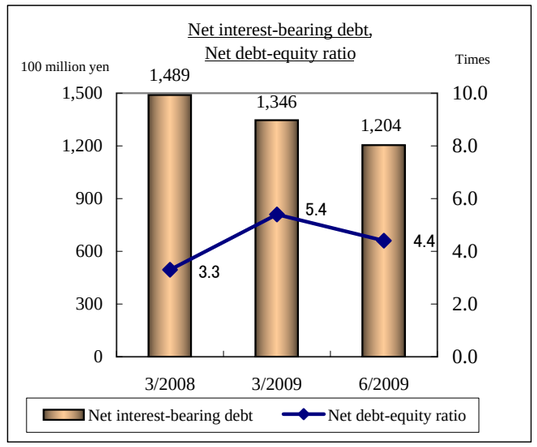
Summary

Total assets
Total assets fell 7.2 billion yen, primarily reflecting a decline in operating receivables.

Interest-bearing debt
Gross interest-bearing debt declined 8.9 billion yen, attributable to scheduled payments and the effect of foreign currency translation rates.
Net interest-bearing debt dropped 14.2 billion yen, linked also to the rise in cash and bank deposits.

Net assets
Equity capital rose due to net income.
Valuation and translation adjustments improved.
As a result, the equity ratio and net debt-equity ratio improved to 6.7%, and 4.4 times, respectively.





(Unit: 100 million yen)

Segment Information	Net sales			Operating income		
	Q1 of FY2008	Q1 of FY2009	Year-on-year Change	Q1 of FY2008	Q1 of FY2009	Year-on-year Change
IT	683	541	-141	15	6	-9
Foods & Foodstuff	872	667	-205	19	6	-12
Iron & Steel	438	219	-219	17	11	-6
Plant	239	138	-101	3	-3	-6
Iron, Steel & Plant	676	357	-320	20	8	-12
Energy	693	382	-312	4	0	-3
Life Science	81	51	-30	1	1	-1
Life Science & Energy	774	433	-341	5	1	-4
Others	96	37	-59	2	2	0
Adjustment & elimination	-	-	-	1	1	0
Total	3,102	2,035	-1,066	61	24	-37

Summary of Segment Results

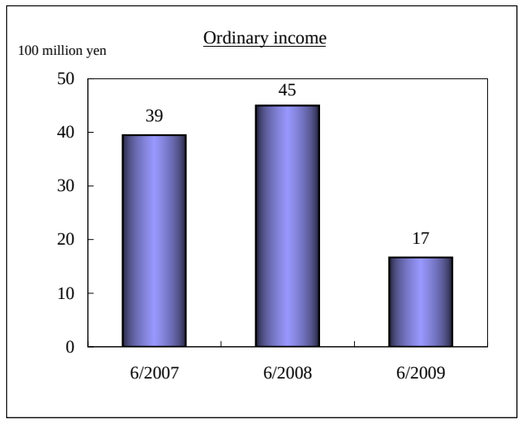
IT
Although the performance of the airplane business and mobile business was favorable, turnover was down, especially in the electronic parts and semiconductor equipment business and the solution business. Overall, both sales and profit dropped.

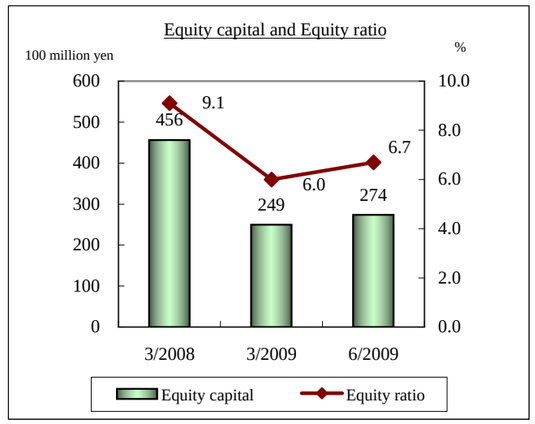
Foods & Foodstuff
In the foods business, sales of high-end products were weak, while less expensive items sold well. The marine products business, were we focused on highly processed foods, recovered steadily. The foodstuffs business was affected by falls in grain prices and a decrease in income in feedstuff transactions. Overall, both sales and profit declined.

Iron, Steel & Plant
Exports to the Middle East were solid both in the iron and steel business and the industrial plants business. In contrast, transactions related to automobiles declined. The external environment surrounding the machine tools business remained difficult. Overall, both sales and profit fell.

Life Science & Energy
Although crude-oil prices rebounded, domestic demand declined with the economic downturn. As a result, both sales and profit dropped.

Others
Net sales fell given the downsizing of the aluminum recycling business, but operating income rose slightly with a recovery in prices.





* The forecasts and forward-looking statements that are included in this document are based on information available at the time of the announcement as well as on calculations made using reasonable assumptions. Please note that actual results may differ materially depending on various factors.
* Since the figures above are rounded off to the nearest 100 million yen, the sum of each item and the total may differ.